

Message Text

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C O N F I D E N T I A L BUENOS AIRES 8685

LIMDIS

E. O. 11652: GDS

TAGS: PFOR, XM, AR, US

SUBJECT: POLICY PLANNING TALKS IN ARGENTINA

DEPARTMENT FOR S/P AND ARA

DEPT PLEASE PASS TOSEC PARTY FOR LORD FROM LEWIS

LA PAZ FOR LUIGI EINAUDI

1. SUMMARY: PLANNING TALKS IN BUENOS AIRES WITH OFFICIALS OF FOREIGN MINISTRY AND ECONOMIC MINISTRY WERE SUCCESSFUL IN GENERATING A FRANK EXCHANGE OF VIEWS ON BOTH GLOBAL AND REGIONAL ISSUES. THE ARGENTINES CONTINUE TO LOOK TO THE US TO TAKE THE LEAD IN SHAPING A SUCCESSFUL MARCH MFIM, INCLUDING FINDING SOLUTION FOR THEIR PAINFUL DILEMA OVER CUBAN ATTENDANCE. THEY SEEM TO REGARD THE AGENDA ITEMS ON TRANSNATIONAL ENTERPRISES, TRADE, AND TRANSFER OF TECHNOLOGY TO BE MOST IMPORTANT BUT HAVE NO FRESH IDEAS AS TO WHAT MIGHT BE DONE IN THESE FIELDS. THEY HAVE NO CLEAR IDEA AS TO HOW THE INTER-AMERICAN SYSTEM SHOULD BE REORGANIZED AND ARE RATHER INCLINED TO POSTPONE ANY DECISIONS IN THAT AREA. ON GLOBAL ISSUES, THEY ARE VERY NERVOUS ABOUT BEING LEFT OUT OF THE ACTION BY THE DEVELOPED COUNTRIES. THEY ARE MILDLY PARANOID REGARDING THEIR PARTICIPATION IN PROPOSED FOOD SCHEMES AND EMPHASIZED THAT THEY WOULD REQUIRE GUARANTEES REGARDING FUTURE PRICE LEVELS AND MARKET GUARANTEES BEFORE THEY COULD PARTICIPATE. END SUMMARY.

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2. THE POLICY PLANNING GROUP MET THREE TIMES WITH ARGENTINE FOREIGN

MINISTRY AND ECONOMIC MINISTRY OFFICIALS NOV 25-27, PLUS THREE INFORMAL SOCIAL GATHERINGS. GROUP ALSO MET TWICE SEPARATELY WITH FOREIGN MINISTER VIGNES; THESE MEETINGS CONCENTRATED EXCLUSIVELY ON PLANS FOR UPCOMING BA-MFM AND ON CUBA PROBLEM (SEPTTEL). ARGENTINE SIDE CHAIRED IN FORMAL MEETINGS BY UNDER-SECRETARY FOR FOREIGN AFFAIRS DESMARAS, ASSISTED BY UNDER-SECRETARY FOR ECONOMIC AFFAIRS BECKMANN, DIRECTOR GENERAL MOLINA SALAS, PLUS VARIOUS ASSISTANT SECRETARIES AND OFFICE DIRECTORS FROM REGIONAL AND FUNCTIONAL AREAS. SECRETARY OF INTERNATIONAL COMMERCE VENTURA AND HIS AIDES JOINED TALKS FOR THE SESSION AT WHICH GLOBAL ECONOMIC PROBLEMS DISCUSSED. ARGENTINES WERE EXTENSIVELY AND CAREFULLY PREPARED AND TOOK THE LEAD IN KICKING OFF THE DISCUSSION OF REGIONAL ISSUES. ATMOSPHERE WAS MORE FORMAL THAN IN BRASILIA BUT AFTER INITIAL STIFFNESS THE EXCHANGES BECAME VERY FRANK. ARGENTINES SEEMED PLEASED WITH THE EXPERIENCE. BOTH SIDES GOT A GOOD LOOK AT THE OTHER'S PERSPECTIVES, THOUGH BOTH SHARED FRUSTRATION AT INCONCLUSIVE OUTCOMES.

2. BECAUSE OF THEIR STAKES AS HOSTS OF THE MARCH MFM, THE ARGENTINES WERE ANXIOUS TO DISCUSS THE "NEW DIALOGUE" AND INTER-AMERICAN RELATIONS, IN CONTRAST TO THE BRAZILIANS AND CHILEANS. UNFORTUNATELY, THEY HAD FEW CONCRETE IDEAS AS TO WHAT SHOULD BE ACCOMPLISHED AT THE MARCH MEETING. INSTEAD THEY WERE HOPING THAT THE U.S. SIDE WOULD PULL SOME RABBITS OUT OF THE HAT, INCLUDING SOME SOLUTION FOR THEIR AGONIZING DILEMMA OVER CUBAN ATTENDANCE AT B.A. MEETING. WHEN NO RABBITS APPEARED, BOTH SIDES GOT DOWN TO THE BUSINESS OF EXPLORING WHAT MIGHT BE ACHIEVED BY MARCH ON THE TLATELOCO AGENDA.

3. IN ARGENTINE EYES THIS TENDS TO BE DEFINED AS HOW FAR THE US IS WILLING TO GO TO MEET LATIN AMERICAN ASPIRATIONS AS EXPRESSED IN THE TLATELOCO AGENDA. THE US SIDE REPEATEDLY AND BLUNTLY MADE THE POINT THAT HOW FAR THE US COULD GO IN ADJUSTING ITS POLICIES TO ACCOMMODATE LATIN AMERICAN INTERESTS DEPENDED IN PART ON HOW FAR LATIN AMERICA COULD GO TOWARDS TAKING ACCOUNT OF US INTERESTS; THAT THE "NEW DIALOGUE" IMPLIED GIVE-AND-TAKE ON BOTH SIDES. US PUBLIC OPINION AND THOSE SPECIAL US INTERESTS DIRECTLY AFFECTED WOULD NOT ALLOW US GOVERNMENT TO MAKE UNILATERAL CONCESSIONS WITHOUT SOME THOUGHT, ADMITTEDLY LESS THAN FULL, RECIPROCITY.

4. CONCRETELY, THE ARGENTINES APPEAR TO ATTACH THE MOST IMPORTANCE
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TO THE ISSUES OF TRANSNATIONAL ENTERPRISES, TRADE, AND TRANSFER
OF TECHNOLOGY IN THAT ORDER:

A. TRANSNATIONAL ENTERPRISES: THEY HOPE THAT THE US WILL BE ABLE TO SIGN OFF ON SOME GENERAL PRINCIPLES OF CONDUCT AND INDICATED TENTATIVELY THAT THEY MIGHT BE WILLING AS QUID PRO QUO TO SUPPORT AN EFFORT IN THE POST-MARCH PERIOD TO DEFINE THE RULES OF THE GAME FOR THE CORPORATIONS. THEY SAID THEY REGARD THE LATIN AMERICANS'

WILLINGNESS EVEN TO PARTICIPATE IN INTER-GOVERNMENTAL DISCUSSIONS OF THIS SUBJECT AS A CONCESSION, SINCE TO DO SO IMPLIED SOME DEPARTURE FROM THE CALVO DOCTRINE. THEY SAID THEY RECOGNIZED NEED FOR EACH SIDE NOT TO PUSH THE OTHER TOO HARD ON SENSITIVE ISSUES (CALVO VS. INTERNATIONAL LAW). THEY THINK RECENT WASHINGTON MEETING OF THE GROUP WAS VERY POSITIVE.

B. THE ARGENTINES ATTACH GREAT IMPORTANCE TO THE QUESTION OF MARKET ACCESS (SEE BELOW) AND BELIEVE THAT SOME CONCRETE MOVEMENT ON TRADE ISSUES AT THE BUENOS AIRES MFM WOULD BE REGARDED AS A REAL ACHIEVEMENT. THEY SUGGESTED THAT THIS SHOULD TAKE THE FORM OF PUTTING GSP INTO EFFECT (SIC) AND DEMONSTRATING IN SOME MANNER THAT THE U.S. WOULD WORK IN THE MTN FRAMEWORK ON RULES FAVORABLE TO THE LDC'S ON A NON-RECIPROCAL BASIS.

C. ON SCIENCE AND TECHNOLOGY, THE ARGENTINES ARE SOMEWHAT SKEPTICAL OF THE MERITS OF SETTING UP ANY NEW INTER-AMERICAN MECHANISMS. THEY STRESSED NEED FOR PRAGMATIC APPROACH, TAKING CONCRETE PROBLEM AREAS, SUCH AS PATENT LAWS, RESTRICTIVE BUSINESS PRACTICES. HOWEVER, THEY OBVIOUSLY DO NOT HAVE A UNIFIED POSITION AS YET ON THIS SUBJECT.

5. THE ARGENTINE SEE LITTLE MERIT IN PUTTING MUCH EFFORT INTO REORGANIZATION OF THE OAS MACHINERY, UNTIL, AS ONE OF THEM PUT IT, THE MEMBER STATES DECIDE WHAT THEY WANT TO USE THE OAS TO ACCOMPLISH, IF ANYTHING.

6. IN SUM, THE GOA'S THINKING ON THE BUENOS AIRES MEETING HAS NOT ADVANCED FURTHER THAN OUR OWN; THEY ARE EAGER TO WORK CLOSELY WITH US ON DEVELOPING IDEAS FOR THE MEETING AND, AS CHAIRMAN OF THE LATIN AMERICAN CAUCUS WILL WORK HARD TO SELL THESE IDEAS TO THEIR LATIN AMERICAN COLLEAGUES. (IT SHOULD BE NOTED THAT, UNLIKE BRAZIL, THEY SEE GREAT MERIT IN THE LATIN AMERICAN CAUCUS AS A PART OF THE CONFIDENTIAL

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"NEW DIALOGUE". THEY CLAIM THE CAUCUS RESULTS IN A MODERATE POSITION AND THUS PREVENTS THE MORE RADICAL MEMBERS FROM CONFRONTING THE U.S. WITH EXTREME DEMANDS.)

7. GLOBAL ISSUES: THE ARGENTINES SHOWED THEMSELVES QUITE FEARFUL OF BEING LEFT OUT OF THE ACTION AS FAR AS SHAPING THE WORK ON THE NEW GLOBAL AGENDA IS CONCERNED. THEY OBVIOUSLY LACK THE SELF-CONFIDENCE OF THE BRAZILIANS IN THIS ARENA. THEY ARE MOST SENSITIVE TO THE SLIGHTEST INDICATION THAT THE DEVELOPED COUNTRIES MAY BE EMBARKING ON A COURSE OF WORKING OUT SOLUTIONS AMONG THEMSELVES.

8. ON SPECIFIC ISSUES:

A. DETENTE. THEY FEAR THAT DETENTE WILL GIVE GREATER SCOPE TO MIDDLE-SIZED POWERS TO ENGAGE IN WHAT THEY CALL "MINI-IMPERIALISM".

THEY CITED ASIAN EXAMPLES BUT OBVIOUSLY HAVE BRAZIL IN MIND.

B. FOOD. THEY ARE WILLING TO PARTICIPATE IN SOLVING THE WORLD'S FOOD PROBLEM ONLY IF THEY GET GUARANTEES THAT AFTER EXPANDING ARGENTINE OUTPUT, THEY WILL NOT FIND FIVE YEARS HENCE THAT THE BOTTOM HAS FALLEN OUT OF THE GRAIN AND MEAT MARKETS. THEY EXPRESSED DEEP BITTERNESS AT WHAT THEY REGARD AS A U.S. POLICY OF UNDERMINING THEIR MARKET POSITION IN GRAINS OVER THE PAST TWENTY-FIVE YEARS VIA P.L. 480 AND SUBSIDIZED AGRICULTURAL EXPORTS.

C. MTN. THEY STILL HAD NOT SEEMED TO GRASP THE FACT THAT U.S. CAN ONLY SOLVE PROBLEMS OF MARKET ACCESS IN THE BROAD GLOBAL FRAMEWORK OF A NEW TRADING SYSTEM AND NOT BILATERALLY WITH ARGENTINA. WE HOPE WE MADE SOME DENT IN THEIR MYOPIC VIEW. AS FOR MTN ITSELF, THEY ARE HIGHLY SUSPICIOUS THAT THE BIGGER BOYS WILL SETTLE AMONG THEMSELVES AND HAVE NO REAL INTENTION OF LETTING COUNTRIES LIKE ARGENTINA INFLUENCE THE OUTCOME.

D. THIRD WORLD. THEY ARE COMMITTED TO PARTICIPATING AS MEMBER OF BOTH THIRD WORLD AND NON-ALIGNED GROUPS. HOWEVER, THEY ARE CONSCIOUS OF POTENTIAL FOR DEEPENING DIVISIONS IN THESE BLOCS. THEY DO NOT ACCEPT U.S. CRITICISM OF AUTOMATIC BLOC-VOTING, WHICH THEY REGARD AS SHEER HYPOCRISY ON PART OF U.S.
MONTLLOR

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